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ABSTRACT

Growing frustration with educational finance in Illinois prompted school districts to file, in 1990, a lawsuit that demands adequate funding, equitable distribution of funds, and increased economic efficiency in public education. This document includes a description of events leading up to the suit. Early attempts to improve educational equity were frustrated by subsequent "legislative adjustments" and the economic recession of the 1980s. Legislative and economic changes (largely involving land assessment and taxation) resulted in a two-tiered educational system: suburban "have" and rural "have-not" districts. The situation was worsened by the Educational Reform Act of 1985, pushing the financially-strapped school districts into a position they felt was intolerable. The suit brings the following charges against the state: (1) three violations of the Illinois Constitution of 1970; (2) a statutory scheme of school finance that imposes unconstitutional burdens on the plaintiffs; (3) discriminatory distribution of educational resources; (4) failure to provide certain children with adequate educational services; and (5) failure to provide an efficient system of high-quality education for every child in Illinois public schools. The complaint itself includes a brief introduction, general definitions and explanations, identification of plaintiffs and defendants, and statements of fact. (TES)

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RECENT EVENTS LEADING TO THE EDUCATION LAWSUIT

AND THE COMPLETE COMPLAINT

WITH A BRIEF INTRODUCTION

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RECENT EVENTS LEADING TO THE EDUCATION LAWSUIT

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WITH A BRIEF INTRODUCTION

by

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Informational Monograph 1
School Finance Series

originally titled

HOW WE GOT WHERE WE ARE:
A Brief History of School Finance Leading to the Litigation of 1990

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HOW WE GOT WHERE WE ARE:

A Brief History of School Finance Resulting in the 1990 Lawsuit

Liberty, equality and fraternity are words which have stirred the hearts and minds of men to contemplate, nay, in fact, to advocate the overthrow of the status quo to relieve the oppressive conditions which have resulted from the abusive acts of the ruling classes. These words proclaimed the goals of the French revolution, and today accurately reflect the attitudes of the 47 school districts in Illinois who have banded together to bring suit against the State to " . . . remove unwanted and pernicious barriers to equality of educational opportunity in the sovereign State of Illinois." What circumstances have led normally docile school administrators and college professors to contemplate, and now to actively pursue, the building of an organization to bring suit against the State of Illinois?

The Illinois legislature, in the summer of 1973, enacted a new school state aid formula which later became known as the "Resource Equalizer." The development of this new formula was promoted by two important factors. First, the General Assembly was very aware of the decision in "Serrano," and certain key legislators felt that Illinois was vulnerable to a court case of a similar nature. Second, the Illinois legislature had adopted a state income tax, with the potential to provide vast new amounts of revenue for the state coffers. Illinois had truly arrived in the twentieth century. This single piece of legislation, the Resource Equalizer, should have allowed the state to abandon an outdated flat-grant system and another alternate method which provided funding for districts which did not qualify under the flat-grant or the Resource Equalizer. Because of political pressures this was not to be the case. For some time, in fact, it was possible for school districts in Illinois to apply for state aid under any one of three formulas, with aid being calculated on the basis of the method most beneficial to the local district.

The "Resource Equalizer" as it was originally enacted had some very promising features. First, there was a reward for effort; meaning that a district which raised its local tax rate, thereby increasing local effort, would receive an increase in the state contribution also. Secondly, there was a cap on spending. The purpose of this cap was to provide property relief for local taxpayers. It soon became apparent, however, that local districts which had a strong commitment to quality education, as evidenced by a high local tax effort, were not interested in local property tax relief. Third, there was a component of the formula which recognized the problems which result from educating low Socio-Economic Status children. This "poverty" adjustment was calculated by comparing the percentage of Chapter 1 students in a district with the state average. Districts which had a significantly higher percentage of Chapter 1 students were rewarded with greater amounts of state aid.

Unfortunately, over the next several years, two of these features fell victim to legislative "adjustment" which neutralized their effect. First to fall was the roll back provision. In the initial law there were several escape provisions which allowed districts which wanted to spend beyond these limits to do so. Further, the districts which wanted to spend beyond these limits and could not use one of the escape provisions were simply developing non-profit educational foundations which were used to supplement the local expenditure and allow the districts to provide those programs and services demanded by the local constituency. After viewing the effects of the "roll back" provision for three years, the School Problems Commission determined what the drafters of prohibition had learned several decades before. It is very difficult to prohibit wealthy people from doing what they wish. Therefore, the legislature ultimately decided that if a "wealthy" district wanted to pay for those services out of local tax dollars, and the increase in local taxing authority was approved by referendum, then the state would not interfere.

At the same time other variables began to affect school funding in Illinois. A change in the assessment laws dealing with farmland from an ad valorem system to a production index system was made. This production index system had as some of its components the value of farm products and the index of soil type. The farm economy sustained an economic recession in the early 1980's which was second in impact only to the depression of the 1930's. This further frustrated the search for equity. At the same time that the suburban counties around Chicago were experiencing unparalleled economic growth and development resulting in huge increases in assessed valuation, downstate agricultural counties were experiencing unparalleled declines in assessed valuation. This, coupled with declining enrollment in downstate school districts because of the increase in the average farm size, and a decline in the population of small rural communities resulted in a two-tiered educational system in Illinois, the haves and the have-nots.

Coupled with these changes, another force seemed to be coming into play: the loss of the egaliatarianism remaining from the Kennedy and Johnson eras. This was replaced by a more elitist attitude resulting in more parochial attitudes toward public education. People seemed to have become more polarized in their attitudes toward programs which were deemed "good for all."

All of these factors, along with the calls for greater accountability, were mixed and amplified even more by the Educational Reform Act of 1985. This act removed some of the last vestiges of local control. School districts were held to higher levels of scrutiny by local communities and were required to provide more extensive course offerings than ever before. The promise was made to the school districts that if this legislation was enacted they would receive new funding of $250 million per year for four years. This promise was simply not kept. School districts, therefore, were required to provide greater accountability, more extensive course offerings to a wider population, and staff development at a time of declining enrollment, reduction in the local tax base, and declining state support. This, coupled with the new legislated collective bargaining act, pushed

already financially strapped school districts into a position which they felt was intolerable. As one board of education member was heard to say: "You don't have local control when you don't have money."

Alan Hickrod and other members of the Center for the Study of Educational Finance had been tracking this equity disaster-in-the-making from 1973 to 1985. For greater information on this topic, we refer you to MacArthur/Spencer Series Number 4 "Documenting a Disaster: Equity and Adequacy in Illinois School Finance 1973 Through 1988." To quote a small portion of the conclusions (p. 14):

> What happens if the need is not met? Two things happen. First, with regard to adequacy, Illinois will slowly slip into a back water relative to other states. Industries, including foreign investors, will not choose to locate in a state that has shown that it does not have the will to invest in education. In fact, it is little short of amazing that foreign investors have shown as much interest as they have in Illinois. They must not be reading the studies published by this Center! Other states have much better investment records than Illinois does relative to K-12 education. Without major outlays in education, the very laudable attempts of both political parties to stimulate economic growth in this state will fall flatter than a dead mackerel. Second at some point, the poorer districts of this state will wake up to the fact that they have "been had." Since this apparently has been going on since about 1976 or 1977, the school boards and the school superintendents in the poorer districts of Illinois do not read the Center studies either! Maybe we are not getting the message across. Short of renting an airplane and trailing a banner that reads: WE ARE DOING A LOUSY JOB OF SCHOOL FINANCE IN ILLINOIS, we cannot think of much more that an academically-based research center can do.

This frustration continued to mount not only on the part of Hickrod, but also on the part of other members of the Center including; most notably, Professor James Ward, University of Illinois; Professor David Franklin, Illinois State University; and Professor James Nowlan, Knox College. This group of academics banded together to really make things happen. Motivation of each participant to pursue this quest was as varied as their individual backgrounds. Their motives, however, will not be examined in this paper. The group developed several research/opinion papers and held its first meeting to enlist outside support at Galesburg, Illinois on October 26, 1989 under the auspices of the Voice of the Prairie organization. This meeting presented the problem to

various audiences, including, but not limited to, superintendents, members of the State Board of Education, legislators, and other college professors. At the end of the meeting a firm consensus was reached: the only solution was to bring suit against the State of Illinois in a manner similar to suits enjoined in Kentucky, New Jersey, and West Virginia. While Hickrod, Franklin, and Nowlan were ready to move forward immediately as the plaintiffs, legal counsel informed them that only school districts or parents damaged by the alleged inequities could serve as plaintiffs. This necessitated the development of a new organization, the Coalition for Educational Rights Under the Constitution, which had as its purpose three goals:

1. Adequate educational funding,
2. Equitable distribution of funds among the public school districts of the state, and
3. Increase in the economic efficiency of school districts in Illinois.

These goals were to be accomplished through several different strategies. Major strategies included a lawsuit against the State of Illinois, an amendment to the Constitution of the State of Illinois to provide a basic and unquestioned right of each citizen to an adequate public education, and a continuation of efforts to lobby the legislature on behalf of the children of poor families.

The Coalition for Educational Rights Under the Constitution formally came into existence on February 16, 1990, following an information meeting concerning the Coalition which was attended by representatives of 35 school districts. Initial members of the Board of Directors were G. Alan Hickrod (President), James Nowlan (Vice-President), Larry Frank (Secretary), Gwen Pruyne (Treasurer), James G. Ward, David L. Franklin, Rich Clemmons, and Danny Leifel. This group was charged with finding funding sources for the work of the Coalition, preparing an intergovernmental agreement which would enable the suing school districts to organize, and to prepare documentation which would facilitate the work of the legal counsel to be employed. The intergovernmental agreement which was drafted stipulated that the Committee on Educational

Rights would become a reality when 20 school districts had ratified the agreement. On April 20, 1990, 16 interested school districts met to discuss three issues which seemed to be inhibiting further membership in the organization: a cap on funding, the initial intergovernmental agreement had none; a formula for funding of school district membership fees for assumption of the lawsuit, which had become controversial since the City of Chicago Public Schools had joined the cause; and an agreement that only school districts could join in the suit. Within two weeks, additional school districts had been recruited and the Committee was formed. A plenary session of the group was held and the following superintendents were elected as officers: Edward Olds III (Chairman), Ted Wetekamp (Vice-Chairman), Randy Tinder (Secretary), Don Skidmore (Treasurer). In May of 1990, the Committee employed the law firm of Hinshaw, Culbertson, Moelmann, Hoban, and Fuller of Chicago with Dr. Jack Coons as consultant. As of August, 1990, 47 school districts had joined the Committee, representing the majority of the school children in the State of Illinois. The lawsuit was filed on November 13, 1990 in Chancery Court, Cook County, Illinois.

Following is a copy of the complaint as filed, specifically outlining the allegations of the plaintiffs, which includes:

- violation of three provisions of the Illinois Constitution of 1970,
- statutory scheme of school finance imposes unconstitutional effects and burdens on the plaintiffs,
- discriminatory distribution of educational resources is unconstitutional,
- failure to provide certain children with an adequate minimum of educational services under the Education Article, and
- failure to provide an efficient system of high quality public education for every child in Illinois public schools.

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

THE COMMITTEE FOR EDUCATIONAL RIGHTS; THE BOARD OF EDUCATION OF ANTIOCH COMMUNITY CONSOLIDATED SCHOOL DISTRICT #34, COUNTY OF LAKE; THE BOARD OF EDUCATION OF AUBURN COMMUNITY UNIT SCHOOL DISTRICT #10, COUNTY OF SANGAMON; THE BOARD OF EDUCATION OF BLUE ISLAND PUBLIC SCHOOL DISTRICT #130, COUNTY OF COOK; THE BOARD OF EDUCATION OF BOND COUNTY COMMUNITY UNIT SCHOOL DISTRICT #2, COUNTIES OF BOND AND MONTGOMERY; THE BOARD OF EDUCATION OF CASEY-WESTFIELD COMMUNITY UNIT SCHOOL DISTRICT #C-4, COUNTIES OF CLARK, COLES, CUMBERLAND, JASPER and CRAWFORD; THE BOARD OF EDUCATION OF THE CITY OF CHICAGO SCHOOL DISTRICT #299, COUNTY OF COOK; THE BOARD OF EDUCATION OF COUNTRY CLUB HILLS SCHOOL DISTRICT #160, COUNTY OF COOK; THE BOARD OF EDUCATION OF EARLVILLE COMMUNITY UNIT SCHOOL DISTRICT #9, COUNTIES OF LaSALLE, LEE and DeKALB; THE BOARD OF EDUCATION OF EASTLAND COMMUNITY UNIT SCHOOL DISTRICT #308, COUNTIES OF CARROLL, OGLE AND STEPHENSON; THE BOARD OF EDUCATION OF EFFINGHAM COMMUNITY UNIT SCHOOL DISTRICT #40, COUNTIES OF EFFINGHAM AND CLAY; THE BOARD OF EDUCATION OF FREEPORT SCHOOL DISTRICT #145, COUNTY OF STEPHENSON; THE BOARD OF EDUCATION OF HARRISBURG COMMUNITY UNIT SCHOOL DISTRICT #3, COUNTY OF SALINE; THE BOARD OF EDUCATION OF LAKE VILLA COMMUNITY UNIT SCHOOL DISTRICT #41, COUNTY OF LAKE; THE BOARD OF EDUCATION OF LEBANON COMMUNITY UNIT SCHOOL DISTRICT #9, COUNTY OF ST. CLAIR; THE BOARD OF EDUCATION OF LITCHFIELD COMMUNITY UNIT SCHOOL DISTRICT #12, COUNTIES OF MONTGOMERY AND MACOUPIN; THE BOARD OF EDUCATION OF MACOMB COMMUNITY UNIT SCHOOL DISTRICT #185, COUNTY OF McDONOUGH; THE BOARD OF EDUCATION OF Mt. CARROLL COMMUNITY UNIT SCHOOL DISTRICT #304, COUNTIES OF CARROLL AND JO DAVIESS; THE BOARD OF EDUCATION OF Mt. MORRIS COMMUNITY UNIT SCHOOL DISTRICT #261, COUNTY OF OGLE; THE BOARD OF EDUCATION OF OHIO COMMUNITY HIGH SCHOOL DISTRICT #505, COUNTIES OF BUREAU AND LEE; THE BOARD OF EDUCATION OF PEARL CITY COMMUNITY UNIT SCHOOL DISTRICT #200, COUNTIES OF STEPHENSON, CARROLL AND JO DAVIESS; THE BOARD OF EDUCATION OF PECATONICA

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COMMUNITY UNIT SCHOOL DISTRICT #321, COUNTIES OF WINNEBAGO AND STEPHENSON; THE BOARD OF EDUCATION OF RIVERTON COMMUNITY UNIT SCHOOL DISTRICT #14, COUNTY OF SANGAMON; THE BOARD OF EDUCATION OF ROCK FALLS TOWNSHIP HIGH SCHOOL DISTRICT #301, COUNTIES OF WHITESIDE AND LEE; THE BOARD OF EDUCATION OF ROCKFORD SCHOOL DISTRICT #205, COUNTIES OF WINNEBAGO AND BOONE; THE BOARD OF EDUCATION OF SCOTT-MORGAN COMMUNITY UNIT SCHOOL DISTRICT #2, COUNTIES OF SCOTT, MORGAN AND BROWN; THE BOARD OF EDUCATION OF STERLING COMMUNITY UNIT SCHOOL DISTRICT #5, COUNTIES OF WHITESIDE AND LEE; THE BOARD OF EDUCATION OF TAYLORVILLE COMMUNITY UNIT SCHOOL DISTRICT #3, COUNTY OF CHRISTIAN; THE BOARD OF EDUCATION OF THOMSON COMMUNITY UNIT SCHOOL DISTRICT #301, COUNTY OF CARROLL; THE BOARD OF EDUCATION OF WAUKEGAN COMMUNITY UNIT SCHOOL DISTRICT #60, COUNTY OF LAKE; THE BOARD OF EDUCATION OF WINNEBAGO COMMUNITY UNIT SCHOOL DISTRICT #323, COUNTIES OF WINNEBAGO AND STEPHENSON; TRACY MARIE HONSELMAN, MICHAEL DALE HONSELMAN AND CARA CHRISTINE HONSELMAN, BY THEIR PARENTS AND NEXT FRIENDS CARLA SUE HONSELMAN and STEPHEN LEE HONSELMAN; NILWANA NOWLIN AND AMME NOWLIN, BY THEIR FATHER AND NEXT FRIEND, LARRY NOWLIN; SARAH ELIZABETH OLDS AND NATHAN EDWARD OLDS, BY THEIR FATHER AND NEXT FRIEND, EDWARD L. OLDS III; and JON URISH, JODY URISH AND JENNIFER URISH, BY THEIR FATHER AND NEXT FRIEND, ROBERT B. URISH,

Plaintiffs,

vs.

JAMES R. THOMPSON, GOVERNOR OF THE STATE OF ILLINOIS; ILLINOIS STATE BOARD OF EDUCATION; and ROBERT LEININGER, STATE SUPERINTENDENT OF EDUCATION,

Defendants.

COMPLAINT FOR DECLARATORY JUDGMENT

Now come the Plaintiffs, by their attorneys, Hinshaw, Culbertson, Moelmann, Hoban & Fuller, Robert J. Lenz, and Jeffrey M. Shaman and for their complaint against the Defendants, state as follows:

A.

INTRODUCTION

1. This Complaint seeks a declaratory judgment under paragraph 2-701 of the Illinois Code of Civil Procedure that the statutory scheme of school finance for elementary and high schools in Illinois violates the Illinois Constitution of 1970. Ill. Rev. Stat. ch. 110, ¶ 2-701 (1989).

2. The statutory scheme of school finance violates three provisions of the Illinois Constitution. They are:

(a) Article 10, §1 ("Education Article"). The Education Article requires the State to provide "an efficient system of high quality public educational institutions and services."

(b) Article 1, §2 (the "Equal Protection Clause"). The Equal Protection Clause provides that no person shall be denied equal protection of the law.

(c) Article 4, §13 ("No-Special-Law Article"). The No-Special-Law Article provides that the General Assembly shall pass no special or local law when a general law is or can be made applicable.

3. The statutory scheme of school finance imposes unconstitutional effects and burdens on the plaintiffs. These burdens and effects are:

(a) the discriminatory distribution of educational resources among school districts, which results in greatly varied educational opportunities for the children of Illinois; and

(b) the failure to provide certain public school children in Illinois with the minimum adequate education mandated by the Illinois Constitution. In particular, those children (i) who live in school districts that are so underfunded that they cannot

offer adequate minimum educational services which meet the constitutional standard and (ii) who have educational deficits as a result of living in an environment of household and community poverty and who do not receive the educational services necessary to eliminate those deficits, are burdened by this unconstitutional statutory scheme.

4. The discriminatory distribution of educational resources is unconstitutional under:

(a) the Education Article because it violates the State's obligation to provide an efficient system of high quality education; and,

(b) the Equal Protection Clause and the No-Special-Law Article because the distribution scheme is irrational and/or because the distribution scheme imposes unnecessary burdens upon the "constitutionally suspect" class of children living in school districts with relatively lower property wealth and upon their fundamental right of education.

5. The failure to provide certain children with an adequate minimum of educational services violates the affirmative obligation of the State, under the Education Article, to provide an efficient system of high quality public education for every child in Illinois public schools.

B.

PLAINTIFFS

6. The Committee for Educational Rights is a group of 47 school districts in the State of Illinois that have associated by intergovernmental agreement pursuant to Article 7, §10 of the Illinois Constitution and the Intergovernmental Cooperation Act. Ill. Rev. Stat. ch. 127, ¶743 (1989).

7. The Board of Education of Antioch Community Consolidated School District No. 34, County of Lake, State of Illinois, is a body politic and corporate formed pursuant to Ill. Rev. Stat. ch. 122, ¶10, *et seq.* ("Article 10 of the School Code").

8. The Board of Education of Auburn Community Unit School District No. 10, County of Sangamon, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

9. The Board of Education of Blue Island Public School District No. 130, County of Cook, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

10. The Board of Education of Bond County Community Unit School District No. 2, Counties of Bond and Montgomery, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

11. The Board of Education of Casey-Westfield Community Unit School District No. C-4, Counties of Clark, Coles, Cumberland, Jasper and Crawford, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

12. The Board of Education of the City of Chicago, School District No. 299, County of Cook, Illinois is a body politic and corporate formed pursuant to ch. 122, ¶34-1 *et seq.* of the School Code.

13. The Board of Education of Country Club Hills School District No. 160, County of Cook, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

14. The Board of Education of Earlville Community Unit School District No. 9, Counties of LaSalle, Lee and DeKalb, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

15. The Board of Education of Eastland Community Unit School District No. 308, Counties of Carroll, Ogle and Stephenson, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

16. The Board of Education of Effingham Community Unit School District No. 40, Counties of Effingham and Clay, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

17. The Board of Education of Freeport School District No. 145, County of Stephenson, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

18. The Board of Education of Harrisburg Community Unit School District No. 3, County of Saline, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

19. The Board of Education of Lake Villa Community Unit School District No. 41, County of Lake, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

20. The Board of Education of Lebanon Community Unit School District No. 9, County of St. Clair, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

21. The Board of Education of Litchfield Community Unit School District No. 12, Counties of Montgomery and Macoupin, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

22. The Board of Education of Macomb Community Unit School District No. 185, County of McDonough, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

23. The Board of Education of Mt. Carroll Community Unit School District No. 304, Counties of Carroll and Jo Daviess, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

24. The Board of Education of Mt. Morris Community Unit School District No. 261, County of Ogle, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

25. The Board of Education of Ohio Community High School District No. 505, Counties of Bureau and Lee, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

26. The Board of Education of Pearl City Community Unit School District No. 200, Counties of Stephenson, Carroll and Jo Daviess, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

27. The Board of Education of Pecatonica Community Unit School District No. 321, Counties of Winnebago and Stephenson, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

28. The Board of Education of Riverton Community Unit School District No. 14, County of Sangamon, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

29. The Board of Education of Rock Falls Township High School District No. 301, Counties of Whiteside and Lee, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

30. The Board of Education of Rockford School District No. 205, Counties of Winnebago and Boone, State of Illinois, is a body politic and corporate formed under Article 10 of the School Code.

31. The Board of Education of Scott-Morgan Community Unit School District No. 2, Counties of Scott, Morgan and Brown, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

32. The Board of Education of Sterling Community Unit School District No. 5, Counties of Whiteside and Lee, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

33. The Board of Education of Taylorville Community Unit School District No. 3, County of Christian, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

34. The Board of Education of Thomson Community Unit School District No. 301, County of Carroll, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

35. The Board of Education of Waukegan Community Unit School District No. 60, County of Lake, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

36. The Board of Education of Winnebago Community Unit School District No. 323, Counties of Winnebago and Stephenson, State of Illinois, is a body politic and corporate formed pursuant to Article 10 of the School Code.

37. Tracy Marie Honselman, Michael Dale Honselman and Cara Christine Honselman, minors, by their parents and next friends, Carla Sue Honselman and Stephen Dale Honselman, are students in the Casey-Westfield Community Unit School District.

38. Nilwana Nowlin and Amme Nowlin, minors, by their father and next friend, Larry Nowlin, are students in the Chicago school district.

39. Sarah Elizabeth Olds and Nathan Edward Olds, minors, by their father and next friend Edward L. Olds, III, are students in the Dixon School District.

40. Jon Urish, Jody Urish, and Jennifer Urish, minors, by their father and next friend, Robert B. Urish, are students in Mt. Morris Community Unit School District.

C.

DEFENDANTS

41. Defendant James R. Thompson is Governor of the State of Illinois. As Governor, he is charged with the faithful execution of the laws of the State of Illinois pursuant to Article 5, §8 of the Illinois Constitution. The Governor maintains an office in Cook County, Illinois and the statutes complained of are executed and enforced in Cook County. Defendant Thompson has engaged in unconstitutional action which exceeds his authority in administering the statutory scheme of school finance.

42. The Illinois State Board of Education was created by Article 10, §2 of the Illinois Constitution. Under Article 10, the Board is charged with the responsibility to formulate educational policies and to supervise all public schools in the State. The Illinois State Board of Education maintains an office in Cook County, Illinois, and the statutes complained of are supervised and administered by the Illinois State Board of Education in part in Cook County. Defendant Illinois State Board of Education has engaged in unconstitutional action which exceeds its authority in administering the statutory scheme of school finance.

43. Robert Leininger is the State Superintendent of Education. As State Superintendent of Education, he is the Chief State Educational Officer pursuant to Article 10, §2(b) of the Illinois Constitution, and has those duties, powers and responsibilities defined and delegated by the State Board of Education. The State Superintendent discharges certain of his duties and responsibilities under the School Code in Cook County, Illinois. Defendant Leininger has engaged in unconstitutional action that exceeds his authority in administering the statutory scheme of school finance.

D.

GENERAL DEFINITIONS AND EXPLANATIONS

44. **SCHOOL CODE.** The School Code is the short title for Ill. Rev. Stat ch. 122, ¶1 *et seq.* (1989).

45. **SCHOOL DISTRICTS.** There are 954 Illinois school districts of three types. Unit districts operate schools at all levels from kindergarten through twelfth grade (K-12). There are 424 unit districts. Elementary districts operate only elementary schools (K-8). There are 416 elementary districts. High school districts operate only high schools (9-12). There are 114 high school districts.

46. **AVERAGE DAILY ATTENDANCE (ADA).** This term is a measure of student attendance in school districts and denotes the aggregate number of pupil days in attendance divided by the number of days in the regular school session. The highest three months ADA of a district for one year is used in the determination of General State Aid for the next year.

47. **STATUTORY SCHEME OF SCHOOL FINANCE.** This term means all statutes of the State of Illinois that provide revenues for Illinois school districts, other than revenues derived from federal sources. The sources of revenues for Illinois school districts are described in paragraphs 76 through 84 of this Complaint.

48. **EQUALIZED ASSESSED VALUATION (EAV).** This term denotes the assessed value of the real property subject to taxation by the school districts. EAV is determined and equalized pursuant to formulas provided by state law.

49. **EAV per ADA.** This term means Equalized Assessed Valuation divided by Average Daily Attendance. According to *Performance Profiles: Illinois School Report to the Public*, for the 1988-89 school year, published by the Illinois State Board of Education in May, 1990 ("School Report Card") (page 2): "The Equalized Assessed Valuation per Pupil is an appropriate measure of school district wealth." According to *Illinois Public School District Ability and Effort*

Factors: 1987-1988, issued by the Illinois State Board of Education in 1990 ("Ability and Effort Report") (page ix), EAV per ADA "is an indicator of school district ability to provide educational services."

50. **WEALTH** or **LOCAL WEALTH** or **LOCAL PROPERTY WEALTH.** These terms are synonyms and denote EAV per ADA. This measure of wealth does not include that portion of the equalized assessed valuation of a school district that is attributable to receipt of corporate personal property replacement taxes. When it is intended to include the assessed valuation attributable to the receipt of corporate personal property replacement taxes as part of a school district's equalized assessed valuation, the term "District General State Aid Wealth" is used. The terms "rich" and "poor," when used to describe school districts, refer to districts with relatively high and relatively low EAV per ADA.

51. **CHAPTER 1 WEIGHTED AVERAGE DAILY ATTENDANCE (CWADA).** This term denotes the number of pupils in a school district, calculated on an ADA basis, as increased by the weightings under the formula for General State Aid (defined below) for grade level and for Low Income Eligible Pupils (defined below). The General State Aid formula increases the ADA count in a district by two weightings. First, the district's ADA count is increased to enhance funding levels for pupils in higher grades. Each child in grades 7 and 8 is counted as 1.05 of a student and each child in high school is counted as 1.25 of a student. The plaintiffs do not allege any constitutional problems associated with the weighting of students by grade level. Second, the presence of Low Income Eligible Pupils in a district triggers an increase in the ADA count in addition to the increase for grade level. The amount of the increase depends on the concentration of Low Income Eligible Pupils in the district and ranges up to a .625 weighting. At the maximum concentration of poverty students, each poverty student counts for 1.625 students. In combination, the increases in the ADA count for grade-level and the poverty concentration yield a CWADA count for the district.

52. **LOW INCOME ELIGIBLE PUPILS.** This term is used in connection with the term CWADA. The term refers to the standard of poverty used in connection with the most recent decennial census. This term differs from the term "household poverty" defined and used in Count V.

53. **GENERAL STATE AID.** This term denotes the amounts received by Illinois school districts from the State under the General State Aid formula contained in chapter 122, ¶18-8 of the School Code. General State Aid is provided to school districts pursuant to three different formulas. The use of a particular formula depends on the District General State Aid Wealth of the school district. The richest districts are called Flat Grant Districts, the middle wealth districts are called Alternate Grant Districts and the poorest districts are called Special Equalization Districts. Flat Grant Districts receive a flat grant (the "Flat Grant") of $175 per CWADA. The Flat Grant is equal to 7% of the Foundation Level (defined in paragraph 63 below) for each CWADA student (CWADA x .07 x Foundation Level). Alternate Grant Districts receive a maximum of $283 and a minimum of $175 per CWADA student (the "Alternate Grant") depending on the amount of District General State Aid Wealth. The Alternate Grant is calculated by multiplying (a) 13% of the Foundation Level by (b) the quotient of 87% of the State Guaranteed Wealth per CWADA student divided by the district's General State Aid Wealth per CWADA student. This computation can be expressed by the following formula: .13 x Foundation Level x (State Guaranteed Wealth/General State Aid Wealth). The Alternate Grant received by an Alternate Grant District declines as its wealth rises. Special Equalization Districts receive a maximum of approximately $2,344 and a minimum of $283 per CWADA (the "Special Equalization Entitlement"). The Special Equalization Entitlement is computed by (a) multiplying its CWADA count by the difference between (i) the State Guaranteed Wealth per CWADA student and (ii) the District General State Aid Wealth per CWADA and (b) remultiplying that product by the Computational Operating Tax Rate. This computation can be expressed by the following formula: CWADA Count x (State

Guaranteed Wealth - General State Aid Wealth) x Computational Operating Tax Rate. The Computational Operating Tax Rate is 1.90% for elementary districts, 1.10% for high school districts, and 2.76% for unit districts.

54. **DISTRICT GENERAL STATE AID WEALTH.** This term defines school district wealth for purposes of the General State Aid formula. District General State Aid Wealth is a district's Equalized Assessed Valuation plus a notional assessed valuation attributable to a district's receipt of corporate personal property replacement taxes.

55. **STATE GUARANTEED WEALTH.** This term is used in connection with the General State Aid formula and refers to that hypothetical level of District General State Aid Wealth per CWADA to which Special Equalization Districts are equalized. In 1990-91, the State Guaranteed Wealth per CWADA student is $131,664 for elementary districts, $227,420 for high school districts and $90,638 for unit districts.

56. **SPECIAL EQUALIZATION DISTRICTS.** This is a term used in connection with the General State Aid formula and refers to school districts in the lowest of the three classifications of wealth. Special Equalization Districts are those school districts whose District General State Aid Wealth per CWADA is less than 87% of the State Guaranteed Wealth per CWADA. Districts qualify for the maximum amount of the Special Equalization Entitlement if they levy an Operating Tax Rate at or above the applicable Qualifying Tax Rate, which is 1.28% for elementary districts, 1.10% for high school districts, and 2.18% for unit districts. There are 751 Special Equalization Districts in Illinois in 1990-91, approximately 78.7% of the total number of districts.

57. **SPECIAL EQUALIZATION ENTITLEMENT.** This is a term used in connection with the General State Aid formula. The Special Equalization Entitlement of a district is the amount received by a Special Equalization District under the General State Aid formula.

58. **FLAT GRANT DISTRICTS.** This term denotes school districts having a District General State Aid Wealth over $212,279 for elementary districts, $376,835 for high school districts, and $146,444 for unit districts. For 1990-91, the flat grant amount is $175. There are 53 Flat Grant Districts in Illinois in 1990-91, approximately 5.6% of the total number of school districts.

59. **ALTERNATE GRANT DISTRICTS.** The Alternate Grant method for subsidizing school districts under the General State Aid formula applies to school districts whose District General State Aid Wealth exceeds 87% of the State Guaranteed Wealth per CWADA Student, but is less than $212,279 for elementary districts, $376,835 for high school districts, and $146,444 for unit districts. The maximum Alternate Grant is $283 (at a District General State Aid Wealth of 87% of State Guaranteed Wealth) and the minimum is $175 (at the maximum District General State Aid Wealth to qualify for Alternate Grants). There are 151 Alternate Grant Districts in Illinois in 1990-91, approximately 15.8% of the total number of school districts.

60. **OPERATING TAX RATE.** This term refers to school district local property taxes levied for operating purposes and is determined by subtracting from a school district's total tax rate the tax rates levied for bond principal and interest, rent, vocational education construction, summer school, capital improvements and community college tuition purposes.

61. **COMPUTATIONAL OPERATING TAX RATE.** This is a term used in connection with the General State Aid formula in computing the Special Equalization Entitlement. The Computational Operating Tax Rate is 1.90% for elementary districts, 1.10% for high school districts and 2.76% for unit districts.

62. **QUALIFYING TAX RATE.** This is a term used in connection with the General State Aid formula is computing the Special Equalization Entitlement. The Qualifying Tax Rate is the Operating Tax Rate at which a school district must levy taxes in order to qualify for the

full amount of its Special Equalization Entitlement. The Qualifying Tax Rates are 1.29% for elementary districts, 1.10% for high school districts and 2.76% for unit districts.

63. **FOUNDATION LEVEL.** This term refers to the dollar level per CWADA student that represents a guaranteed floor per CWADA student for financial support for operating purposes from combined local property taxes and General State Aid, if the local school district's Operating Tax Rate is at or above the Computational Tax Rate. A school district will qualify for the maximum amount of General State Aid per CWADA under the General State Aid formula if its Operating Tax Rate is at or above the Qualifying Tax Rate, but if its Operating Tax Rate is below the Computational Operating Tax Rate, its total financial support for operating purposes from combined local property taxes and General State Aid will be less than the Foundation Level. The 1990-91 Foundation Level is $2,501. The Foundation Level is a derivative number, obtained by multiplying the State Guaranteed Wealth by the Computational Operating Tax Rate.

64. **OPERATING EXPENSE PER PUPIL.** This term denotes a measure of spending used in the "Statement of Facts for Counts I, II and III". The Operating Expense per Pupil of a school district is computed by dividing the gross operating cost of a school district, by the district's Average Daily Attendance according to *Illinois Program Accounting Manual for Local Education Agencies*, Illinois State Board of Education (1990) (*"Illinois Program Accounting"*). For purposes of this definition, the gross operating cost of a district does not include amounts spent by a district for summer school, adult education, bond principal retired, and capital outlay. The term "capital outlay" means an expenditure that results in the acquisition of fixed assets or additions to fixed assets that are presumed to have benefits to a district in excess of a year.

65. **UNRESTRICTED REVENUES.** This term means the revenues of a school district, presented on an ADA or CWADA basis, from local property taxes, the Corporate Personal Property Replacement Income Tax and General State Aid. Unrestricted Revenues are an indicator of the funds available to a school district for education that are not targeted for specific programs

or pupils, except in Chicago where some funds are targeted. By contrast, most categorical aids and federal funding are targeted to specific educational needs and must be spent for particular purposes.

66. **UNRESTRICTED REVENUES PER ADA.** This term was created in order to present spending data in this Complaint and refers to a measure of spending used in the "Statement of Facts for Counts I, II and III" of this Complaint. Unrestricted Revenues per ADA is calculated by dividing a school district's aggregate Unrestricted Revenues by its ADA. This measure of spending is similar to Per Capita Tuition Charge. Because figures for Per Capita Tuition Charge are not available for the 1990-91 school year, figures for Unrestricted Revenues per ADA are sometimes used in the Complaint in lieu of Per Capita Tuition Charge.

67. **UNRESTRICTED REVENUES PER CWADA.** This term was created in order to present spending data in this Complaint and refers to a measure of spending used in the "Statement of Facts for Counts I, II and III" of this Complaint. Unrestricted Revenues per CWADA is computed by dividing a school district's aggregate Unrestricted Revenues by its CWADA.

68. **PER CAPITA TUITION CHARGE.** This term is a measure of school district spending and was created in order to present spending data in the Complaint. Per Capita Tuition Charge refers to the amount of money per ADA that a local school district charges as tuition to nonresident students as defined in ¶ 18-3 of the School Code. Per Capita Tuition Charge is equal to expenditures from local taxes and the common school fund and excludes revenues for various Categorical Aids (defined below), local user fees and federal funding other than Federal impaction aid. This measure of spending is similar to Unrestricted Revenues per ADA.

69. **SPENDING PER PUPIL.** This term was created in order to present spending data in this Complaint and refers to a measure of spending used in "Statement of Facts for Count IV". Spending per Pupil has the same meaning as Per Capita Tuition Charge, subject

to the following adjustments: (a) for the Board of Education of Chicago, General State Aid funds which are targeted and supplementary pursuant to Section 18-8 of the School Code are excluded because such funds can only be used to supplement the district's regular and basic education program; and (b) in those districts where the ADA is materially lower than the number of enrolled students, expenditures are divided by the number of enrolled students rather than by ADA. The latter adjustment is made because school districts purchase books and other supplies, furnish desks and other equipment and hire teachers and other staff on the basis of the number of enrolled students, not on the basis of attendance.

70. **CATEGORICAL GRANTS** or **CATEGORICAL AIDS.** This term refers to State funds allocated to school districts for special children or special programs.

71. **CAPITAL EXPENDITURES.** This term refers to school district expenditures for (a) the interest component of debt service on obligations issued for capital purposes, and (b) capital outlay as defined in the Illinois Program Accounting.

72. **AT RISK.** This is a term used in connection with the "Statement of Facts for Count V." At Risk refers to children who are at risk of academic failure. These children are eligible for a prekindergarten program funded under ¶ 2-3.71 of the School Code. Paragraph 2-3.71 is directed at "children who because of their home and community environment are subject to such language, cultural, economic and other disadvantages that they are at risk of academic failure." For purposes of this Complaint, At Risk children are a subset of the children eligible for the programs funded under ¶ 2-3.71 of the School Code. The subset includes those children whose home environment involves personal poverty and whose community environment involves urban poverty.

73. **HOUSEHOLD POVERTY.** This is a term used in connection with the "Statement of Facts for Count V." Household Poverty is defined as the eligibility of a child for free or reduced-price school lunches under the Federal Child Nutrition Act of 1966, as amended.

Eligibility for free or reduced-price school lunches is based on household income. For a household of three, household income must be less than $19,536 in order for a child to be eligible.

74. **PROPERTY TAX FUNDING GAP.** For each type of district, the amount by which the average property tax revenues from the Operating Tax Rate of the richest 10% of school districts of that type exceed the average property tax revenues of the poorest 10% of school districts of that type.

75. **CORPORATE PERSONAL PROPERTY TAX REPLACEMENT INCOME TAX.** This term refers to a state tax on the net income of corporations, partnerships and other businesses imposed under Ill. Rev. Stat. ch. 120, ¶ 2-201(c) and (d) (1989).

E.

SOURCES OF REVENUE FOR SCHOOL DISTRICTS

76. Illinois school districts derive receipts and revenues from local, federal and state sources. The principal sources of receipts and revenues for the 1986-87 school year, the most recent year for which complete financial and statistical information concerning Illinois schools is available, are set forth below. *Illinois Program Accounting* categorizes the first five sources as "local," the next two sources as "State" and the last source as "Federal." The sections of the School Code pertaining to the most important of these sources of revenues and receipts are also set forth

77. *First Local Source of District Revenues: Property Taxes.* The largest source of receipts and revenues for school districts is local property taxes. In 1986-87, local property tax revenues accounted for approximately $3,634,200,000 or 50.90% of total school district revenues. The School Code provides local school boards with the power to levy taxes on real property, as follows:

(a) Laws for school districts with fewer than 500,000 residents. Paragraphs 17-1, 2.1 to 2.6, 3, 4, 5, and 8 of the School Code;

(b) Laws for districts with more than 500,000 inhabitants. Paragraphs 17-53 through 53.2 of the School Code.

Chicago is the only Illinois school district with more than 500,000 residents.

78. *Second Local Source of District Revenues: Proceeds of Bond Issuances.* Local school districts may also issue bonds for capital acquisitions, capital improvements and other capital expenses. The School Code includes the following provisions which authorize the issuance of such bonds:

(a) Laws for school districts with fewer than 500,000 residents. Sections 1, 2, 3 and 15 of Article 19 of the School Code allow districts with fewer than 500,000 residents to issue bonds for certain capital expenditures including building, equipping, altering, or repairing school buildings, or purchasing or improving school sites, or acquiring and equipping playgrounds, athletic fields, and other recreation grounds. The amount of any district's debt is limited to 6.9% of its equalized assessed valuation in the case of elementary and high school districts and 13.8% in the case of unit districts.

(b) Laws for districts with more than 500,000 inhabitants. [Chicago is the only district with more than 500,000 residents]. The principal provisions are ¶¶ 34-22 to 22.10 and ¶34A-501 of the School Code, which provide the Chicago School Board and the

Chicago School Finance Authority with the power to issue bonds for the benefit of the Chicago School Board. Currently, the only authorization to issue bonds is for capital expenditures.

Proceeds of such bond offerings statewide in 1986-87 totalled approximately $434,500,000. School districts are also authorized by law to issue bonds and other obligations for working capital and cash flow purposes. Such bonds are not considered in this Complaint.

79. *Third Local Source of District Revenue: Corporate Personal Property Tax Replacement Fund.* The proceeds of the Corporate Personal Property Tax Replacement Income Tax are deposited in the State's Corporate Personal Property Tax Replacement Fund established by Ill. Rev. Stat. ch. 85, ¶ 616 (1989) for distribution to school districts and other governmental units. In 1986-87, approximately $300,700,000 was distributed to school districts from the Corporate Personal Property Tax Replacement Fund.

80. *Fourth Local Source of District Revenues: Other Local Revenues.* Other local revenue, include interest on investments, sale of property or equipment, investment income, fees and assessments, revenues from food program sales and other miscellaneous income. Local revenues for 1986-87 were approximately $504,600,000.

81. *Fifth Local Source of District Revenues: Payments in Lieu of Taxes.* Payments in lieu of taxes, which include certain payments made by owners of mobile homes and local housing, are made to local school districts. Such payments totalled less than $4,000,000 in 1986-87.

82. *First State Source of District Revenues: General State Aid.* In 1986-87, approximately $1,819,000,000 of General State Aid funds was distributed to Illinois school districts, accounting for approximately 25% of their total revenues and receipts. General State Aid distributions are made pursuant to the provisions of ¶ 18-8 of the School Code.

83. *Second State Source of District Revenues: Categorical Aids.* There are approximately 74 programs of Categorical Aids. In the 1986-87 school year, approximately $602,900,000 was distributed to Illinois school districts as Categorical Aids. Several sections of the School Code provide for Categorical Aids funding, including: (i) grants for experimental programs in urban education, ¶2-3.37; (ii) pilot telecommunications programs and projects, ¶2-3.40; (iii) math and science equipment, ¶2-3.54; (iv) reading improvement programs, ¶2-3.51; (v) staff development programs, ¶2-3.59 (vi) summer school for gifted and remedial students, ¶2-3.61; (vii) arts program grants, ¶2-3.65; (viii) truants' alternative and optional educational programs, ¶2-3.66; (ix) vocational education, ¶2-3.68; (x) preschool educational programs, ¶2-3.71; (xi) pilot early childhood parental training program, ¶2-3.71(a); (xii) high impact training services, ¶2-3.75; (xiii) scientific literacy, ¶2-3.94; (xiv) young parents program grants, ¶2-3.99; (xv) handicapped children, ¶14-7.02a, 7.03, 7.04, 11.02, 12.01, 13.01; (xvi) gifted children, ¶14-A5; (xvii) bilingual education, ¶10-22.38a, ¶14C, ¶34-18 and 18.2; (viii) drivers education, ¶27-24.3 and ¶27-24.4; and (xix) transportation, ¶14-13.01(b) and ¶29.

84. *District Revenues from Federal Sources.* Federal funding is provided primarily through grants and reimbursements to the State Board of Education, which redistributes most of the funds to school districts. Federal financial aid is directed primarily to the support of children from low income households and to support special programs or populations. In 1986-87, federal funding for Illinois school districts totalled approximately $519,800,000, or 7.28% of total Illinois school district revenues.

F.

STATEMENT OF FACTS FOR COUNTS I, II AND III

85. This statement of facts shows that educational resources and, as a result, educational services, are inequitably distributed among Illinois school districts.

86. The *Illinois State Board of Education 1989 Annual Report*, in commenting on the unequal distribution of resources and educational services in Illinois, stated (on page 6):

> *. . . Illinois' wealthiest school districts spend more than four times as much money per student as its poorest districts. That difference of 335 percent ranks Illinois sixth in the nation in educational funding disparities. All five neighboring states have much smaller gaps, . . . with four of the five states showing spreads less than one-half the size of Illinois'.*
>
> *In even more precise terms, the range in per-pupil spending among the state's school districts stretches from $2,100 per child to nearly $10,000 per child (excluding a single small elementary district which spends nearly $13,000 per pupil). "That's not fair, it's not reasonable, it's not logical, and it can't be defended," Leininger told local school officials . . . .*
>
> *"The bottom line is, it shouldn't make such a huge difference whether children live in district A as opposed to district B. They are entitled to comparable education opportunities no matter where they live."*

87. The *School Report Card* published by the Illinois State Board of Education for 1989 stated (p. vii) as follows:

> *Rich districts employed a greater percentage of teachers with advanced degrees than poor districts. . . .*
>
> *Rich districts paid their teachers considerably higher salaries than poor districts . . . .*
>
> *More money was spent to educate students in rich districts than in poor districts . . . .*
>
> *. . . [P]oor districts, with significantly higher proportions of students from low-income families, had considerably fewer resources to help educate their children than rich districts.*

88. The powers to levy local property taxes and to issue bonds are the local revenue sources based upon a school district's Equalized Assessed Valuation.

EQUALIZED ASSESSED VALUATION

89. The power of local school districts to levy taxes is dependent on the existence of a tax base. Local school districts have no power to create a tax base; the taxing power rests with the State. Acting in part pursuant to Article 9, §6 of the Illinois Constitution, the State has determined by statute the Equalized Assessed Valuation of the real property in school districts that constitutes the tax base of such districts (a) by excluding certain components of property value, such as the homestead exemption, from the tax base, (b) by providing exceptions for certain types of property, including farmland, coal property and certain railroad property, to the general rule requiring assessment at 33 1/3% of fair market valuation, (c) by permitting the classification of property for assessment purposes in Cook County, Illinois and (d) by permitting similar types of property to be treated differently in counties of different sizes. The State has repeatedly exercised its power to determine and modify the Equalized Assessed Valuation of property subject to taxation by school districts. These interventions affect the capacity of school districts to raise money through local property taxation.

ILLUSTRATION

90. In order to illustrate the proposition advanced in this Complaint that differences in wealth among Illinois school districts determine differences in spending and differences in educational resources available to students among such districts, the richest 10% of Illinois school districts are compared with the poorest 10% in paragraphs 91 to 116, below. Information for the school year 1986-87 is used in this comparison because that year is the last school year for which systematic data on Operating Expense Per Pupil and educational programs is available. Since that time (a) the differences among Illinois school districts in local wealth have continued and worsened; (b) the Property Tax Funding Gap has continued and worsened; (c) the differences between rich and poor districts by every measure of spending have continued and

worsened; and (d) the differences between poor and rich districts in educational offerings as a function of differences in local wealth have continued and worsened.

DIFFERENCES IN EQUALIZED ASSESSED VALUATION

91. An appropriate measure of school district wealth, according to the *School Report Card* (page 2), is Equalized Assessed Valuation per pupil.

92. The average wealth of the richest 10% and poorest 10% of the school districts in Illinois, weighted by pupil population, for the 1986-87 school year was as follows:

1986-87 WEIGHTED AVERAGE OF TOTAL DISTRICT EAV PER ADA

	Richest 10%	*Poorest 10%*	*Ratio*
Elementary districts	$245,702	$26,401	9.3:1
High school districts	$335,895	$70,438	4.8:1
Unit districts	$109,084	$17,325	6.3:1

93. The differences among unit districts are not as great as the differences among other types of districts. Unit districts, as a group, are poor compared to elementary and high school districts because (a) the unit districts' EAV supports an education program for 13 grades rather than 4 grades (in high school districts) or 9 grades (in elementary districts), and (b) the real property in unit districts has, in general, lower average Equalized Assessed Valuation than the statewide average for all school districts.

THE PROPERTY TAX FUNDING GAP IS A FUNCTION OF DIFFERENCES IN LOCAL WEALTH.

94. Differences in local EAV per ADA have effects on both the level of educational services and the level of Capital Expenditures. Funding for educational services is derived from the power to levy taxes for operating expenses. Funding for Capital Expenditures comes from the power to issue bonds and to levy taxes for capital outlay. Educational services can

be analyzed separately from Capital Expenditures because the State provides substantial aid to local school districts for educational services, but very little aid for Capital Expenditures.

95. Systematic differences in EAV per ADA cause systematic differences in revenues raised through local property taxes. Average property tax revenues per ADA pursuant to the Operating Tax Rate for the richest and poorest 10% of the districts, weighted by pupil population, in 1986-87 and the dollar difference between rich and poor districts, referred to as the "Property Tax Funding Gap," were as follows:

1986-87 WEIGHTED AVERAGE OF PROPERTY TAX REVENUES PER ADA FROM THE OPERATING TAX RATE

	Richest 10%	*Poorest 10%*	*Property Tax Funding Gap*
Elementary districts	$4,074	$ 607	$3,467
High school districts	$5,045	$1,083	$3,962
Unit districts	$2,944	$ 558	$2,386

96. The table below sets forth the Property Tax Funding Gap shown above as a percentage of the property tax revenues of the poorest 10% of school districts of each type. The arithmetical formula used to compute these percentages is: property tax revenues of the richest 10% of school districts minus property tax revenues of the poorest 10% of school districts divided by property tax revenues of the poorest 10% of school districts. The table shows in each case that the amount of the Property Tax Funding Gap exceeds the property tax revenues of the poorest districts many times over.

PROPERTY TAX FUNDING GAP AS A PERCENTAGE OF PROPERTY TAX REVENUES OF POOREST 10% OF DISTRICTS

Elementary districts	571%
High School districts	366%
Unit districts	428%

97. The Property Tax Funding Gap cannot be explained by differences in tax effort. The richest 10% of school districts, as a group, have lower tax rates on average than the poorest 10% of school districts.

DIFFERENCES IN LOCAL REVENUES TRANSLATE INTO DIFFERENCES IN EVERY KEY MEASURE OF SPENDING

98. The Property Tax Funding Gap is only partially corrected by other sources of funding for school districts in all the key measures of spending which are: (1) Unrestricted Revenues per ADA; (2) Unrestricted Revenues per CWADA; and (3) Operating Expense Per Pupil. Set forth below is a presentation of the effects for each of these categories.

EFFECT OF DIFFERENCES IN WEALTH ON UNRESTRICTED REVENUES PER ADA

99. Average Unrestricted Revenues per ADA for the richest 10% and the poorest 10% of school districts, weighted by pupil population, in 1986-87, and the difference between richest and poorest were as follows:

1986-87 WEIGHTED AVERAGE UNRESTRICTED REVENUES PER ADA

	Richest 10%	*Poorest 10%*	*Difference Between Rich and Poor*
Elementary districts	$4,554	$2,414	$2,140
High school districts	$5,624	$3,271	$2,353
Unit districts	$3,364	$2,714	$ 650

100. The following table sets forth, for each type of district, the "Difference Between Rich and Poor" shown in the table in the preceding paragraph, expressed as a percentage of the Unrestricted Revenues Per ADA of the poorest 10% of school districts. The arithmetic

formula is: Unrestricted Revenues of poorest 10% divided by "Difference Between Rich and Poor". The table also shows the percentage of the Property Tax Funding Gap which continued to exist after the addition of the other sources of funds (General State Aid and the receipts from the Corporate Personal Property Tax Replacement Fund) which are added to local taxes to produce Unrestricted Revenues per ADA. The arithmetic formula is: the "Difference between Rich and Poor" divided by the Property Tax Funding Gap shown in paragraph 95 above. For elementary districts, for example, the chart shows that the richest 10% of the districts have on average 89% more revenues than the poorest 10% of the districts. It also shows that even after adding General State Aid and the Corporate Personal Property Tax, 62% of the Property Tax Funding Gap, $2,140 of $3,467, still existed. Put differently, General State Aid and the Corporate Personal Property Replacement Income Tax eliminated only 38% of the Property Tax Funding Gap.

	RICH IN EXCESS OF POOR: UNRESTRICTED REVENUES/ADA	UNCORRECTED PORTION OF PROPERTY TAX FUNDING GAP
Elementary districts	89%	62% ($2,140/$3,467)
High School districts	72%	59% ($2,353/$3,962)
Unit districts	24%	27% ($650/$2,386)

101. The effects of the relatively low local wealth of unit districts is shown by the fact that the richest 10% of unit districts in the table in paragraph 99 had approximately the same Unrestricted Revenues as the poorest 10% of high school districts.

GENERAL STATE AID IS NOT AN EFFECTIVE EQUALIZER

102. The General State Aid formula provides money to school districts to eliminate the Property Tax Funding Gap. The formula's ability to equalize is limited in three ways:

(i) The figure for State Guaranteed Wealth is a ceiling and districts are equalized only up to that ceiling. The General State Aid formula does not equalize for differences in wealth above the ceiling;

(ii) The formula equalizes only up to the Computational Operating Tax Rates and does not equalize tax effort above those rates; and

(iii) The General State Aid formula reverses the equalizing effects of the Special Equalization Entitlements by providing flat grants to the rich districts not eligible for equalization grants. The flat grant is at cross purposes with the equalizing aspect of the General State Aid formula.

103. The effect of these limitations in the General State Aid formula is that the formula effectively equalizes the poorest districts with the merely poor districts but it does not effectively equalize the resources available to rich and poor districts.

DIFFERENCES IN PROPERTY TAX REVENUES TRANSLATE INTO DIFFERENCES IN UNRESTRICTED REVENUES PER CWADA

104. The poverty count adjustment of the General State Aid formula provides additional funds to school districts burdened by the special needs of poverty. Because the poverty count adjustment distributes funds to poor districts on the basis of a factor not necessarily related to taxable property wealth, it sometimes has a disequalizing effect, widening, rather than reducing, differences in revenues as among poor districts. Not all poor people live in poor districts.

105. A presentation of Unrestricted Revenue on a CWADA basis permits comparison of rich and poor school districts after the elimination of all funds distributed to districts on account of special needs.

106. Average Unrestricted Revenues per CWADA for the richest 10% and the poorest 10% of school districts, weighted by pupil population, in 1986-87, and the differences between rich and poor districts, were as follows:

1986-87 WEIGHTED AVERAGE UNRESTRICTED REVENUES PER CWADA

	Richest 10%	*Poorest 10%*	*Difference Between Rich and Poor*
Elementary districts	$4,337	$2,156	$2,181
High school districts	$4,395	$2,333	$2,052
Unit Districts	$2,942	$2,093	$ 849

107. The following table sets forth, for each type of district, the "Difference Between Rich and Poor," as set forth in the preceding table, expressed as a percentage of the Unrestricted Revenues Per CWADA of the poorest 10% of school districts. The arithmetic formula is: Unrestricted Revenues of Poorest 10% divided by the "Difference Between Rich and Poor." The table also shows the percentage of the Property Tax Funding Gap (see paragraph 95 above) which continued to exist after the addition of the other sources of funds, namely General State Aid and the receipts from the Corporate Personal Property Tax Replacement Fund to local taxes to produce Unrestricted Revenues per CWADA. The arithmetic formula is: "Difference Between Rich and Poor," as set forth in the preceding table, divided by Property Tax Funding Gap. The chart shows, for example, that the 10% richest elementary districts have 101% more Unrestricted Revenues than the poorest 10%. It also shows that, for elementary districts, 63% of the Property Tax Funding Gap still existed after the addition of General State Aid and the proceeds of the Corporate Personal Property Replacement Tax. Put differently, only 37% of the Property Tax Funding Gap was corrected.

	Rich in Excess of Poor: Unrestricted Revenues Per CWADA	Uncorrected Portion of Property Tax Funding Gap
Elementary districts	101%	63% ($2,181/$3,467)
High School districts	88%	52% ($2,052/$3,962)
Unit districts	44%	64% ($849/$2,386)

DIFFERENCES IN PROPERTY TAX REVENUES TRANSLATE INTO DIFFERENCES IN OPERATING EXPENSE PER PUPIL

108. The Property Tax Funding Gap is only partially eliminated as a result of all of the other sources of revenue included in Operating Expense per Pupil. Operating Expense per Pupil includes funding from federal sources and Categorized Aids.

109. Average Operating Expense Per Pupil for the richest 10% and poorest 10% of school districts, weighted by pupil population, in 1986-87 and the difference between the richest 10% and the poorest 10% were as follows:

1986-87 WEIGHTED AVERAGE OPERATING EXPENSE PER PUPIL

	Richest 10%	*Poorest 10%*	*Difference Between Rich and Poor*
Elementary districts	$5,621	$3,265	$2,356
High school districts	$7,090	$4,509	$2,581
Unit districts	$4,310	$3,603	$ 707

110. The following table sets forth, by the type of district, the "Differences Between Rich and Poor" set forth in the preceding table expressed as a percentage of the average Operating Expense Per Pupil of the poorest 10% of school districts. The arithmetic formula is: the "Difference Between Rich and Poor" divided by average Operating Expense Per Pupil of Poorest 10%. The table shows the percentage of the Property Tax Funding Gap (set forth in

paragraph 95) which continues to exist after the addition of the other sources of funds (General State Aid, the receipts from the Corporate Personal Property Tax Replacement Fund, Categorical Aids, federal funding and other local revenues) which are added to local property taxes to produce Operating Expense Per Pupil. The arithmetic formula is: the "Difference Between Rich and Poor" divided by the Property Tax Funding Gap. The table shows that, for elementary districts, the richest 10% of the districts had an Operating Expense per Pupil that was 72% greater than the poorest 10%. The table also shows that 68% of the Property Tax Funding Gap still existed after the addition of all the funds which were added to local property taxes to constitute Operating Expense per Pupil. Put differently, only 32% of the Property Tax Funding Gap was eliminated.

	RICH IN EXCESS OF POOR: OPERATING EXPENSE PER PUPIL	UNCORRECTED PORTION OF PROPERTY TAX FUNDING GAP
Elementary districts	72%	68% ($2.356/$3467)
High School districts	57%	65% ($2.581/$3.962)
Unit districts	20%	30% ($707/$2.386)

EDUCATIONAL EFFECTS OF THE FAILURE TO CORRECT THE PROPERTY TAX FUNDING GAP

111. The effects of the failure to correct the Property Tax Funding Gap are predictable. Systematic differences in spending create systematic differences in educational offerings. Poor districts, as a group, do not provide educational services which are comparable in amount or quality to the educational services provided by rich districts.

112. Such systematic differences are illustrated by the report of one low-wealth school district that it replaces its worn-out desks by retrieving from the local garbage dump perfectly functional desks thrown away by a neighboring rich school district.

113. In 1986-87, differences existed among elementary school districts in certain key indicators of the quality of educational offerings of those districts. In the following table, information illustrating these differences is presented together with information as to the magnitude of the differences.

	Richest 10%	*Poorest 10%*	*Poorest 10% Worse Off By:*
Pupil/Teacher Ratio	13.5:1	19.0:1	29%
Class size - grade 6	16.9	20.9	19%
Teachers with Masters	37.9%	24.4%	55%
Teacher Experience in years	14.9	13.2	12%
Teacher Salary	$28,001	$22,248	26%
Administrator Salary	$50,503	$39,172	26%
Pupil/Administrator Ratio	155:1	214:1	26%

114. In 1986-87, differences existed among high school districts in certain key indicators of the quality of educational offerings of those districts. In the following table, information illustrating those differences is presented together with information as to the magnitude of the differences.

	Richest 10%	*Poorest 10%*	*Poorest 10% Worse Off By:*
Class size	15.5:1	17.8:1	13%
Teachers with masters degrees	59.6	31.6	89%
Teacher Experience (years)	16.7	14.2	18%
Teacher Salary	$35,021	$25,086	40%
Administrator Salary	$52,935	$39,941	33%
Pupil/Administrator Ratio	170:1	183:1	7%

115. There are significant differences between rich and poor unit districts in certain key indicators of the quality of educational offerings of those districts.

116. Differences in local wealth cause differences in Capital Expenditures. Rich districts can and do spend more than poor districts. The higher level of Capital Expenditures of rich districts buys newer, safer and better classrooms, laboratories and athletic facilities. The impact of differences in local wealth upon Capital Expenditures is less evident when shown on an annual basis because (a) capital outlays made in one year have a useful life of many years and (b) bond interest payments are usually made in installments over several school years.

117. The experience of the unit districts in Ogle County in the 1986-87 school year typifies how EAV per ADA impacts on levels of spending for Capital Expenditures. One of those districts, Byron, was rich, with an EAV per ADA of approximately $461,463. Five other districts in Ogle County were relatively poor, with an average EAV per ADA of approximately $47,058. During the 1986-87 year, Byron's students comprised 17% of the total students of the six districts in Ogle County. Byron's Capital Expenditures during that year were $2,435,519, 72% of the total of $3,396,107 spent by those six districts during that year. During the 1986-87 year, Byron spent approximately $2,744 per ADA for Capital Expenditures. The five other districts in Ogle County spent an average of $229 per ADA, approximately 8% of Byron' expenditures.

BYRON AND MT. MORRIS: A CONCRETE EXAMPLE OF THE CONSEQUENCES OF DIFFERENCES IN LOCAL PROPERTY WEALTH

118. The direct effects of the differences in local wealth on educational services and Capital Expenditures are obvious from a comparison of two neighboring school districts in Ogle County. The districts are Mt. Morris Community Unit School District and Byron Community Unit School District.

119. Years ago, the EAV per ADA of the two districts was about the same. In 1975, Mt. Morris had an EAV per ADA of $19,830 and Byron had an EAV per ADA of $17,759. The major educational difference between the two districts was that the citizens of Mt. Morris imposed a higher Operating Tax Rate on themselves to finance their schools. In 1975, Mt. Morris levied an Operating Tax Rate of 2.20%, which yielded approximately $436 per student. Byron levied an Operating Tax Rate of 1.60%, which yielded approximately $284 per student.

120. In the mid-1970s, Commonwealth Edison built a nuclear plant in the Byron district. The assessed valuation of that nuclear plant is currently $545,927,180 and accounts for approximately 95.2% of the assessed valuation of the entire district.

121. Byron's EAV per ADA in 1990-91 has risen to $461,463, while Mt. Morris' had climbed to only $41,852 per student. Byron reacted to its new-found wealth by keeping its Operating Tax Rate below the Qualifying Tax Rate while dramatically increasing its Operating Expense Per Pupil.

122. While enjoying one of the lowest tax rates in the State (an Operating Tax Rate of 2.1% in 1990), Byron has increased its Unrestricted Revenues per ADA in 1990-91 to $10,085 per student (second highest in the State for this type of district), while getting very little aid from the State. By contrast, although the voters of Mt. Morris imposed a 4.14% Operating Tax Rate on themselves in 1990, their schools continue to be starved for funding. The Unrestricted Revenues per ADA for Mt. Morris was $3,483, which includes approximately $1,367 per student in General State Aid.

123. The owner of a $100,000 home in Byron pays only $2,103.15 in real estate taxes pursuant to the Operating Tax Rate, while his child receives the benefits of $10,085 in Unrestricted Revenues Per ADA. By contrast, the owner of a $100,000 home in Mt. Morris would pay $4,139.46 in real estate taxes pursuant to the district's Operating Tax Rate (96.8% more than his neighbor in Byron), while his child has $3,483 spent on him (17.8% of the amount his Byron

neighbor's child has spent on him). The differences in district wealth create differences in local revenues, which are not corrected by General State Aid or other sources of revenue.

124. The people in Mt. Morris help to pay part of Byron's school budget. Because the property taxes paid by Commonwealth Edison to Byron are a legitimate business expense, they are taken into account in determining Commonwealth Edison's rate base and are recouped by Commonwealth Edison through charges for electricity paid by its customers *throughout* its service area. Thus, the citizens of Mt. Morris and, indeed, the rest of Northern Illinois subsidize the Byron school district by paying 95% of Byron's property taxes.

125. The Mt. Morris School District and every other poor school district in Northern Illinois help to pay for Byron's extremely high operating expenses whenever they turn on the lights in their own school buildings.

126. As a result of these large differences in school funding in the two districts, the children of Byron have far greater educational opportunity than the children of Mt. Morris, with far less tax effort.

127. The effects of the differences in school funding are apparent in the course offerings of the Byron and Mt. Morris high schools. Byron High School offers 187 courses, while Mt. Morris offers only 113.

128. Set forth below is a comparison of the agricultural courses offered at the two high schools.

Byron	Mt. Morris
Survey of Agricultural Occupations	None
Agricultural Science	
Supervised Agricultural Experience	
Horticulture I	
Horticulture II	
Natural Resources	
Agricultural Maintenance and Repair	
Farm Management	
Agricultural Marketing	

129. Set forth below is a list of computer courses offered at Byron and Mt. Morris.

Byron	Mt. Morris
Computer Concepts and Applications	Basic Programming (2 semesters)
Basic Programming	
Pascal Programming	
Advanced Programming	
Advanced Computer Topics	

The high school in Mt. Morris uses an obsolete Commodore 64 computer for the programming course.

130. Byron offers over 50% more English courses than Mt. Morris (25 vs. 16). Byron offers courses in Journalism, American Literature, College Literature and Literature Appreciation; Mt. Morris offers no such courses. The course description for "American Culture" offered by Byron's English Department is as follows:

> American Culture is a two-credit course for juniors planning on attending four-year colleges or universities. The class meets two periods daily. The course is chronological noting not only historical developments but also the literature which supplements historical understanding. Emphasis is placed on discussing, analyzing, and writing. A premium is placed on the ability to think. Tests are structured so that students will achieve success on the ACT and Advanced Placement (AP) Tests. (emphasis added)

The course description for the "Humanities Seminar I" offered by Byron's English Department is as follows:

> This course is centered on writing and the writing process and concerns itself with the visual arts, architecture, and music from the Ancient World, the Middle Ages, and the Renaissance. One research paper will be required as well as field trips to artistic and musical events. (emphasis added)

Mt. Morris offers no comparable courses.

131. Byron High School offers 10 courses for gifted students; Mt. Morris offers none.

132. Byron offers 16 business education courses; Mt. Morris 9.

133. Byron offers 22 industrial arts courses; Mt. Morris 12. Mt. Morris' Course Description Guide describes its "plastics" course as follows:

> Basic plastic work will be stressed, with both hand project finishing and machine work included. There will be a class fee for the materials used in this class. . . (emphasis added)

Byron's Course Description Guide describes its "plastics" course as follows:

> The course is designed to introduce the student to plastics and how plastics are formed into usable shapes. Projects will include injection molding, thermoforming and thermofusion processes. (emphases added)

134. Byron offers 10 courses in Career Education; Mt. Morris offers none.

135. Byron offers 11 home economics courses; Mt. Morris offers 6.

136. Byron offers a starting salary for new teachers of $22,800 per year, while Mt. Morris can afford to offer only $16,000. Byron is able easily to attract and hire experienced teachers due to its salary offerings; Mt. Morris has great difficulty in doing so.

137. Byron pays its administrators over $10,000 per year more than Mt. Morris, on average.

138. Mt. Morris uses some text books that are 15 to 20 years old. Byron uses relatively new and current text books.

139. Byron constructed a new high school in 1980 and is currently renovating its elementary and junior high schools. Mt. Morris' high school was built in 1951 and the last new

building in Mt. Morris was built in 1968. The two buildings it is using have leaky roofs (which Mt. Morris cannot afford to fix) and asbestos (which Mt. Morris cannot afford to remove).

140. Physical facilities in Byron are new and in good condition. Mt. Morris lacks funds to remedy a $900,000 asbestos problem, to replace flammable stage curtains and to replace the football field bleachers that are dangerously rotting.

WEALTH CREATED DIFFERENCES ENDURE AND GET WORSE OVER TIME

141. Over the last 10 years in Illinois, the disparity of EAV per ADA between rich districts and poor districts has increased at an accelerating rate. In 1980 and 1990, the ratios of average wealth of the richest 10% and the poorest 10% of school districts (with the poorest districts represented as "1" in the ratio), unweighted by student population, were:

RATIOS OF LOCAL WEALTH
BETWEEN RICHEST 10% AND POOREST 10%

	1980	*1990*
Elementary districts	10.6:1	13.6:1
High school districts	5.7:1	8.1:1
Unit districts	5.6:1	7.0:1

142. The ratios of local revenues pursuant to the Operating Tax Rate of the richest 10% to the poorest 10% of school districts (with the poor districts represented as "1" in the ratios), unweighted by student population, followed the same pattern during that period:

RATIOS OF LOCAL PROPERTY TAX REVENUES
BETWEEN RICHEST 10% AND POOREST 10%

	1980	*1990*
Elementary districts	6.9:1	9.5:1
High school districts	4.3:1	6.8:1
Unit districts	5.0:1	5.5:1

143. The ratios of Unrestricted Revenues per ADA of the richest 10% to the poorest 10% of school districts (with the poor districts represented as "1" in the ratios), unweighted by student population, followed the same pattern during that period:

RATIOS OF UNRESTRICTED REVENUES PER ADA BETWEEN RICHEST 10% AND POOREST 10%

	1980	*1990*
Elementary districts	1.8:1	2.2:1
High school districts	1.6:1	2.1:1
Unit districts	1.2:1	1.3:1

144. The ratios of Unrestricted Revenues per CWADA of the richest 10% to the poorest 10% of school districts (with the poor districts represented as "1" in the ratios), unweighted by student population, followed the same pattern during that period:

RATIOS OF UNRESTRICTED REVENUES PER CWADA BETWEEN RICHEST 10% TO POOREST 10%

	1980	*1990*
Elementary districts	1.8:1	2.4:1
High school districts	1.6:1	2.2:1
Unit districts	1.3:1	1.4:1

145. During the last decade, the State's share of school funding has dropped to 38%. Simultaneously, districts have experienced declines in their equalized assessed valuation, which has eroded their tax base. Since 1984, 75 of the State's 102 counties have experienced declines in Equalized Assessed Valuation. In most of those counties, the loss exceeded 10%; in some, it exceeded 40%. In addition, legislated homestead exemptions reduced local tax bases another $8 billion.

146. The differences in local wealth have consequences which can make the poor become poorer. The poorest 10% of school districts tax at a higher rate than the richest. As a result, poorer districts are at a disadvantage (against rich districts) in attracting offices, factories, shopping centers, and other sources of property wealth.

147. The foregoing facts demonstrate that:

i. Differences in Equalized Assessed Valuation cause differences in the revenues available to school districts;

ii. High wealth districts raise more revenues from property taxes at the same tax rate;

iii. Low wealth districts raise less money from property taxes at the same tax rate;

iv. Differences in local revenues are not significantly corrected by other sources of funding, so that spending differences based upon wealth differences are a permanent feature of the school finance system;

v. Spending differences translate into differences in the educational services and physical facilities, so that school children in low wealth districts receive fewer educational opportunities than the children in high wealth districts.

F.

STATEMENT OF FACTS IN SUPPORT OF COUNT IV

148. For purposes of Count IV, low-spending districts are those that had low Spending Per Pupil (as defined in paragraph 69 above).

149. Low-spending districts must allocate a disproportionate amount of their resources to meet the State-mandated minimum course offerings (which are geared to the student bound for college or junior college). They are unable to provide educational offerings for one or more of the following populations: those specially gifted students in need of advanced and honors courses; those students (in rural areas) in need of agricultural courses; those students in need of vocational education courses; those students in need of general business courses; those students in need of home economics courses; those students in need of computer courses; and those students in need of courses in the arts.

150. A comparison of Mt. Morris and Byron high school shows how low spending levels can disenfranchise student populations with special needs.

(a) Mt. Morris has many employers in the printing business. Those employers need personnel trained on computers. The students at Mt. Morris can get only basic programming and cannot get any advanced programs.

(b) Mt. Morris is located in a rural area of northwest Illinois and the school district has many farmers. Students at Byron can pick from 10 agricultural courses; students at Mt. Morris offered no agricultural courses.

(c) Students in need of vocational education in Mt. Morris can choose from 12 courses, while their peers in Byron can choose from 22, giving graduates of Byron advantages in the work place. Students in Mt. Morris' "plastics" course learn older techniques

involving hand project finishing. Students who take the "plastics" course in Byron learn the latest techniques in thermofusion;

(d) The gifted students in Mt. Morris are offered no courses for the gifted; the students in Byron are offered 10;

(e) The students at Mt. Morris are offered no courses in career education; the students in Byron are offered 9 courses.

151. Low spending districts are unable to provide all of the services, supplies and facilities which are critical to an adequate education. Low-spending districts are afflicted by one or more of the following program deficiencies:

(a) outdated textbooks and other instructional materials; textbooks that have been used for 20 or 30 years which are often outdated and inaccurate and maps of the United States so old that they show only 48 states;

(b) inadequate equipment, such as science laboratory equipment, computers and vocational education equipment; such as,

(i) 30 to 40 year old laboratory equipment;

(ii) computer education through the use of a cardboard template for a keyboard;

(c) inadequate supplies such as chemicals for laboratories;

(d) the absence of classroom aides;

(e) inadequate administrative staffs;

(f) inadequate support staffs, including counselors, psychologists and nurses;

(g) inadequate physical education; such as regular classroom teachers teaching physical education and sometimes treating recess as a formal physical education class;

(h) high student/teacher ratios; and

(i) inadequate facilities for art and music education; in some schools, music is taught in supply storerooms.

152. One low-spending district acquires desks by digging out of the garbage dump the desks thrown away by a richer district.

153. In another low-spending district, students have to raise money to buy new desks.

154. Many low-spending school districts use buses that are old, outmoded and unsafe. One low-spending district uses buses that are 17 years old.

155. Districts which spend low do so because of the Statutory Scheme of School Finance. Low spending is caused, in part, by the uncorrected effects of differences in EAV and, in part, by the low tax rates of certain school districts. Approximately 10% of special equalization levy taxes below the Computational Operating Tax Rate.

156. The Statutory Scheme of School Finance allows many districts to spend high and to provide adequate, and more than adequate, educational opportunities. The following chart compares certain average numbers and expenditures of the highest 10% and the lowest 10% of elementary districts by Operating Expense Per Pupil for 1986-87.

	Highest 10% Spending Districts	Lowest 10% Spending Districts	Low Spending Districts Worse Off By
Class size (6th grade)	16.2	23.4	44%
Teachers with masters degrees	42.8	19.4	121%
Teacher experience (years)	16.4	13.1	25%
Teacher salary	$28,761	$21,013	37%
Administrator's salary	$50,686	$37,770	37%
Administrator/pupil ratio	143:1	261:1	83%

157. The differences between high and low spending high school districts are similar to those between high and low spending elementary districts. Some of the differences between high and low spending unit districts are not as great because unit districts are poor as a group.

G.

STATEMENT OF FACTS IN SUPPORT OF COUNT V

158. The term "At Risk" refers to a subset of those children who are deemed by the State of Illinois to be at risk of academic failure and, as a result, eligible for a prekindergarten program funded under Section 2-3.71 of the School Code. Those children eligible for programs funded under Section 2-3.71 are "children who because of their home and community environment are subject to such language, cultural, economic and other disadvantages that they are at risk of academic failure." At Risk children for purposes of this Complaint are those children eligible for the programs funded under Section 2-3.71 whose home environment involves household poverty and whose community environment involves urban poverty.

159. Household poverty is defined as eligibility of a child for free or reduced-price school lunch under the federal Child Nutrition Act of 1966, as amended.

160. The conditions constituting urban poverty are set forth below. The conditions constituting urban poverty are typically found in major urban centers, but also exist in smaller cities, towns and suburbs.

161. Urban poverty is characterized by high concentrations of poor people; that is, by entire communities of poor people sometimes numbering in the tens of thousands.

162. Such communities constitute an environment that leads directly to educational disadvantages. Some critical aspects of urban poverty are:

(a) The overwhelming majority of the urban poor are members of racial or ethnic minority groups;

(b) Deterioration or disintegration of traditional social structures, including the family structure;

(c) High unemployment;

(d) Insufficient stimulation for proper infant and child development;

(e) Severe physical and emotional dangers from accident and crime;

(f) Relative absence of positive role models and the presence of too many negative role models; and

(g) Education may not be seen as a relevant and worthwhile endeavor. Students who are successful in school may actually be disparaged by others. "Peer group pressures against academic striving take many forms, including labeling, exclusion from peer activities

or ostracism, and physical assault." (Fordham and Ogbu, 1986). Too few students receive any support, or even encouragement, for learning at home.

163. There are many communities in the State that are characterized by urban poverty. For illustration, this Complaint sets forth facts about Chicago where approximately half of the poor students in the State reside and the Chicago Board of Education which is charged with educating these poor students.

164. Some 650,000 individuals living in Chicago receive public assistance; 154,000 families have only one parent; 280,000 households had incomes below $10,000 in 1987. There are 67 elementary schools in Chicago (more than one in 10) where every single child comes from a poverty household.

165. In 1987, 66% of the nonwhite children born in Chicago were born to unmarried mothers. (For comparison, 14.5% of white children were born to unmarried mothers.) Eighteen percent of those born out of marriage have mothers who are themselves teenagers. There were 10,000 children born to poor adolescent mothers in Chicago in 1989. According to the U.S. Bureau of the Census (1989), only 38% of black children in the United States live with both parents. About 38 percent had no parents living with them.

166. In Chicago, about 50% of teenage blacks are unemployed, compared to less than 20 percent of white teenagers.

167. The cumulative effects on children of their household poverty and their community's urban poverty disadvantages put many of the children at risk of academic failure. At the time that they enter the school system At Risk children have identifiable and significant educational deficits caused by their home and community environment that put them at risk of academic failure. These educational deficits include cognitive, language and motor development and social-emotional immaturity.

168. Set forth below is information based on survey information obtained by the *Chicago Sun-Times* in 1988, comparing children in schools in Wilmette with children in schools in Chicago that did not offer prekindergarten programs.

READINESS OF CHILDREN FOR KINDERGARTEN

Percentage of Students Who Could:	Chicago low-income without preschool	Wilmette
tell their first and last names	37%	97%
identify square, circle and triangle	32	82
identify red, blue and yellow	40	90
draw a recognizable human figure	34	76
speak in complete simple sentences	39	92
correctly hold and use a pencil or crayon	36	65
sit still to listen to a brief story	43	87
settle disputes without physical aggression	35	70
tell a story with a beginning, a middle and an end	17	61

Source: Board of Education of the City of Chicago, Department of Research, Evaluation and Planning

169. According to screening reports for prekindergarten programs funded pursuant to ¶ 2-3.71 of the School Code conducted by the Chicago School Board for the 1987-88 school year:

(a) Approximately 66% of the children screened were black, 25% were Hispanic, and more than 52% came from single parent homes. Approximately 85% of the children screened were eligible for free or reduced-price lunches.

(b) One of the tests given in connection with the screening, the *Peabody Vocabulary Test-Revised*, is a measure of receptive vocabulary. The results of the test showed that the children were very weak in language. The median standard score on this test translated into a percentile rank of one (or a stanine of one) on a national scale. Sixty-seven percent scored at or

below stanine two (at or below the tenth percentile) and only seven percent scored above stanine five (the 39th percentile).

(c) Another set of assessments, the *EARLY* assessment tests, measures academic readiness and tested gross motor, fine motor, language visual motor and memory. The tests showed that the children were weakest in language, fine motor skills and memory. In each area tested, 50% or more of the children were at or below the 30 percentile, the point at which remediation is deemed appropriate. The median percentile scores were the 30th percentile for gross motor and visual motor skills and in the 20th percentile for fine motor language and memory skills.

(d) Approximately 63% of the children screened were deemed to be eligible for participation in the state-funded compensatory prekindergarten program.

170. The educational deficits of At Risk children can be reduced by appropriate educational interventions.

171. The positive effects of prekindergarten programs in Chicago are set forth below in paragraphs 172 to 173 below.

172. The 1988 survey conducted by the *Chicago Sun-Times* showed the following effects:

THE ABILITY OF CHICAGO KINDERGARTNERS

Percentage of Students Who Could:	low-income without preschool	low-income with preschool
tell their first and last names	37%	55%
identify square, circle and triangle	32	48
identify red, blue and yellow	40	60
draw a recognizable human figure	34	52
speak in complete simple sentences	39	53
correctly hold and use a pencil or crayon	36	55
sit still to listen to a brief story	43	51
settle disputes without physical aggression	35	43
tell a story with a beginning, a middle and an end	17	32

Source: Board of Education of the City of Chicago
Department of Research, Evaluation and Planning

173. An evaluation of Chicago's prekindergarten program indicated the positive effects of the prekindergarten program for At Risk children. The results stated:

(a) The average four-year-old mastered 83% of the EARLY readiness skills at the end of the program compared to 25% at the time of the screening.

(b) The average three-year-old mastered 67% of the EARLY skills at the end of the year compared to 17% at the time of the screening.

(c) Children's receptive vocabulary grew slightly more than could be expected by maturation alone.

(d) Expected or greater than expected growth in social-emotional development was made by more than 80% of the children.

(e) In a follow-up study, 80% of the children were rated by their kindergarten or first grade teachers as average or above average in reading, language arts, math and behavior.

174. The prekindergarten programs used in Chicago are not the only potentially effective approaches to reducing or eliminating educational deficits of At Risk children. Educational research demonstrates that there are other educational programs that are effective in reducing or eliminating educational deficits.

175. Although the educational deficits of At Risk children can be reduced or eliminated through appropriate interventions, educational research indicates that many of the benefits of the intervention at the preschool or kindergarten level will often be dissipated unless intervention programs continue after preschool and kindergarten.

176. Without appropriate intervention programs, many At Risk children leave school without having developed the level of skills that children who are not At Risk, but who have similar capacities, develop.

177. The Statutory Scheme of School Finance does not provide the resources for the programs necessary to meet the educational needs of At Risk children. The preschool educational programs funded pursuant to ¶ 2-3.71 of the School Code serve only a small percentage of those who need such programs. The funds provided pursuant to the CWADA weighting do not provide adequate funds for the programs needed by the At Risk children. Except in Chicago, such funds are not targeted and can be used for general education purposes. In Chicago, such funds are targeted to the attendance centers where poor children attend schools.

178. Federal funding does not provide adequate revenues for the necessary programming needed by At Risk children.

179. From first grade on, as a result of the absence of funds and programs, those children who are At Risk do not receive adequate enrichment, compensatory and remedial services designed to reduce or eliminate the risk of academic failure as a result of the disadvantages caused by a home and community environment of urban poverty.

180. The poor academic results of At Risk Children are apparent at the end of elementary school. Set forth below are results of testing of reading and math schools for students from ten elementary schools in Chicago with 100% poverty level.

School	Reading Grade Equivalent	+/- from Std. (8.8)	Reading %ile Ranking
1	7.0	-1.8	22
2	8.1	-0.7	39
3	7.4	-1.4	29
4	7.6	-1.2	31
5	8.3	-0.5	42
6	7.4	-1.4	29
7	8.05	-0.75	39
8	6.8	-2.0	20
9	8.1	-0.7	39
10	8.4	-0.4	44
Average	7.715	-1.085	33.4%

School	Math Grade Equivalent	+/- from Std. (8.8)	Math %ile Ranking
1	7.1	-1.7	18
2	8.5	-0.3	46
3	7.0	-1.8	17
4	7.4	-1.4	24
5	8.2	-0.6	40
6	7.2	-1.6	20
7	7.55	-1.25	28
8	7.2	-1.6	20
9	7.8	-1.0	32
10	7.75	-1.05	32
Average	7.57	-1.23	27.7%

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181. At Risk children whose educational deficits have not been remedied have poor attendance records, drop out and do not graduate. Because the system often fails At Risk children, they often fail.

182. In Chicago, the attendance rate at the 10 schools with the highest percentage of low income children is approximately 75.9%.

183. In Chicago, the dropout rate at those 10 schools in 1989-90 averaged 18.7%, with a high of 36.7%.

184. In Chicago, the four year graduation rate at those 10 high schools was 39.1% in 1989-90.

COUNT I

185. The facts set forth in the Statement of Facts in paragraphs 1 to 147 are incorporated in this Count I.

186. The Education Article 10, § 1 of the Constitution provides that:

> **A fundamental goal of the People of the State is the educational development of all persons to the limit of their capacities.**
>
> **The State shall provide for an efficient system of high quality public educational institutions and services.**

187. The Education Article of the Illinois Constitution expressly declares education to be a "fundamental goal," imposing a mandate upon the State and sets forth the required characteristics of the educational system (efficient, systematic and high quality).

188. The reference to "all persons" in the Education Article makes clear that no children of the State may be discriminated against or disadvantaged by the State. The Illinois Constitution requires a systematic and neutral mechanism that avoids treating some children as second class citizens.

189. The concept of fiscal neutrality in the education of Illinois' children is inherent in the words "efficient" and "system" and in the description "efficient system of high quality public educational institutions and services."

190. The reference to the "limits of their capacities" in the Education Article makes clear that the mandated "efficient system of high quality education" may treat children differently for educationally appropriate reasons.

191. The Statutory Scheme of School Finance as presently structured violates the constitutional mandate of the Education Article because it necessarily creates vast differences in spending and educational services on the basis of local property wealth, a factor unrelated to any educationally appropriate objective.

WHEREFORE, Plaintiffs respectfully request: (1) a declaratory judgment that the Statutory Scheme of School Finance violates the Educational Article of the Illinois Constitution to the extent that the Statutory Scheme of School Finance fails to correct the differences in spending and educational services resulting from differences in local wealth; (2) attorneys' fees; and (3) such other relief as this Court deems appropriate.

COUNT II

192. The facts set forth in the Statement of Facts in paragraphs 1 to 147 are incorporated in this Count II by reference.

193. The Equal Protection Clause Article 1, §2 of the Illinois Constitution provides, in pertinent part:

no person shall be...denied equal protection of the laws.

194. The Statutory Scheme of School Finance operates to deprive many school children of equal protection of the laws. These statutes discriminate against many children by basing spending for a child's education upon the assessed valuation of the real property in the district. To the extent that children are denied educational services made available to others as a result of differences in local property wealth, the Statutory Scheme of School Finance is constitutionally invalid.

195. The denial of equal protection can be found under any of the judicially sanctioned approaches to equal protection.

196. The Statutory Scheme of School Finance fails under the "rational relationship" test. Legislation which dispenses educational services on the basis of a criterion, local property wealth, which bears no relationship to educational needs and which subverts the common statewide purpose of the educational system is irrational.

197. The Statutory Scheme of School Finance fails under the "strict scrutiny" test because:

(i) The Statutory Scheme of School Finance employs a suspect classification;

(ii) The Statutory Scheme of School Finance burdens a fundamental interest, and

(iii) There is no compelling State interest that cannot be served in a manner less onerous to the individual interest at stake.

198. The members of the suspect class are those children who reside in poor districts and are thereby deprived of equal opportunity for educational services. This class is a state-created class; it is the State-legislated Statutory Scheme of School Finance which makes educational spending a function of local wealth.

199. The fundamental interest at issue is that of the children of Illinois to enjoy educational opportunity. It is guaranteed by Article 10 of the Constitution. Education is the only government entitlement or service that is guaranteed by, and elevated to the status of a fundamental right in, the Illinois Constitution. In any event, education is a fundamental interest because of its importance within the system of free speech guaranteed under Article 1, §1 of the Illinois Constitution.

WHEREFORE, Plaintiffs respectfully request: (1) a declaratory judgment that the Statutory Scheme of School Finance violates the Equal Protection Clause of the Illinois Constitution, to the extent that the statutory scheme of school finance fails to correct the differences in spending and educational services resulting from differences in local wealth; (2) attorneys' fees; and (3) such other relief as this Court deems appropriate.

COUNT III.

200. The facts set forth in paragraphs 1 to 147 of this Complaint are incorporated into this Count III be reference.

201. The No-Special-Law Article provides as follows:

> **The General Assembly shall pass no special or local law when a general law is or can be made applicable. Whether a general law is or can be made applicable shall be a matter for judicial determination.**

202. The No-Special-Law Article forbids the arbitrary bestowal of privilege.

203. The Statutory Scheme of School Finance allocates resources to rich school districts on the educationally irrelevant basis of their wealth and is an arbitrary bestowal of privilege.

WHEREFORE, Plaintiffs respectfully request: (1) a declaratory judgment that the Statutory Scheme of School Finance violates the No-Special-Law Article of the Illinois Constitution, to the extent that the Statutory Scheme of School Finance fails to correct the differences in spending and in educational services resulting from differences in local wealth; (2) attorneys' fees; and (3) such other relief as this Court deems appropriate.

COUNT IV

204. Paragraphs 1 to 84 and 148 to 157 of this Complaint are hereby incorporated into Count IV by reference.

205. The Education Article provides that the "State shall provide an efficient system of high quality public educational institutions and services."

206. A substantial number of school districts in Illinois are low-spending districts and are unable to satisfy the Constitutional standard of high quality – or even the lesser included standards of adequate or minimal – education for some or all of their students.

207. The Statutory Scheme of School Finance is the cause of the inadequate spending which violates the mandate of the Educational Article that the State shall provide an efficient system of high quality public educational institutions and services.

WHEREFORE, Plaintiffs respectfully request: (1) a declaratory judgment that the Statutory Scheme of School Finance violates the Education Article to the extent that the Statutory Scheme of School Finance fails to provide sufficient funds to low-spending school districts for educational institutions and services; (2) attorneys' fees; and (3) such other relief as this Court deems appropriate.

COUNT V

208. Paragraphs 1 to 84 and 157 to 184 of this Complaint are incorporated herein.

209. The Education Article requires the State to "provide an efficient system of high quality public educational institutions and services."

210. The Statutory Scheme of School Finance, which is the vehicle for implementing the mandates of the Education Article, does not provide funds to school districts to meet the needs of At Risk children.

211. The failure to provide programs to eliminate or reduce the educational deficits of At Risk children constitutes a failure to provide a high quality -- or even an adequate or minimal -- education for At Risk children.

212. The Statutory Scheme of School Finance is therefore unconstitutional.

WHEREFORE, Plaintiffs respectfully request: (1) a declaratory judgment that the Statutory Scheme of School Finance violates the Education Article of the Illinois Constitution to the extent that the Statutory Scheme of School Finance fails to provide sufficient funds for programs required to meet the needs of At Risk Children; (2) attorneys' fees; and (3) such other relief as this Court deems appropriate.

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